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TOPICS

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OPIC Programs Urged for China

Congressional support for proposed legislation which would authorize activation of OPIC's political risk insurance and finance programs for U.S. private investment in the People's Republic of China (PRC) was urged by J. Bruce Llewellyn, president of the Corporation, before the Senate Committee on Foreign Relations in early March. Mr. Llewellyn was invited to testify on behalf of S.1916, introduced by Senators Jacob K. Javits of New York and Claiborne D. Pell of Rhode Island. Similar legislation has been proposed in the House of Representatives by Congressman Jonathan B. Bingham of New York, chairman of the Subcommittee on International Economic Policy and Trade.

"The PRC, a nation of nearly one billion people, is faced with staggering problems as it undertakes a program for economic development unparalleled in scope and concept," Mr. Llewellyn said. "Its leaders are well aware of the need to attract outside capital and expertise if their developmental goals are to be achieved. The plan envisions modernization of virtually every sector of the economy from basic food production, processing and distribution, to manufacturing and technological capability. Estimates are that the effort will require upwards of $600 billion in investment by 1985. Obviously, this represents a huge market potential for the U.S. business community, but perhaps even more important will be the opportunity to demonstrate the contributions which private enterprise can make to development."

Mr. Llewellyn pointed out that despite its need for accelerated development, China already is an im-

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OPIC President J. Bruce Llewellyn discusses plans for authorization of the agency's programs in the People's Republic of China with Senator Claiborne D. Pell of Rhode Island.

SENATORS SUPPORT EXTENSION

Legislation introduced by Senator Jacob K. Javits of New York and cosponsored by Senator Abraham Ribicoff of Connecticut in December makes provision for the extension of OPIC's authority through 1985 and modification of its purpose to reflect recognition of the beneficial effects that support for economic growth in friendly developing nations will have on the U.S. trade position.

In line with emphasis on the trade functions of OPIC, the bill would establish OPIC as an independent Government agency with its own statute and remove the restriction on the operation of OPIC programs in countries with per capita GNP's of $1000 or more in 1975 dollars. It also would authorize extension of OPIC programs to include insurance of existing investments, coverage against the risk of civil strife, a relaxation of eligibility requirements for U.S. ownership and an incentive for smaller business through elimination of the 10 percent coinsurance provision.

Reflecting an expected increase of OPIC activity in the energy sector, the

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Extension

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proposed legislation provides for an increase in OPIC's insurance authority by $2.5 billion to $10 billion and its guaranty authority by $250 million to $1 billion. The order of chairman and vice chairman of the OPIC board, now allotted to the Director of IDCA and the U.S. Trade Representative, respectively, would be reversed.

In introducing the bill, Senator Javits pointed out the critical relationship between export and investment. He said, "Today, we no longer shut our eyes to this essential linkage and we must permit OPIC to modify its operations and programs so that it can better serve the original dual purpose. . . . Giving OPIC a trade related function, however, does not mean that OPIC would no longer have a development function. Its development function, however, must be broadened beyond merely complementing the basic human needs element of U.S. development policy, which primarily focuses on official grants and concessional aid to the poorest countries including a recognition that development must also focus on promoting economic growth in the middle-income developing countries. This latter objective is best served by having U.S. Government programs that facilitate the participation of the U.S. private sector in the development process of those developing countries that want such participation. Such a development function is entirely consistent with an objective that seeks also to serve the needs of U.S.-based business interested in investing in projects in a developing country that will either directly or indirectly lead to increased U.S. exports. . . .

"It is in the national interest of the United States to encourage those investments which will result in immediate and long-range benefits for the U.S. economy such as the generation of U.S. business activity and jobs.

Senator Jacob K. Javits

Senator Abraham Ribicoff

Investments in developing countries which have beneficial trade effects for the United States are worthy of specific U.S. Government support. Other developed nations have supported such investments for many years and they are reaping the benefits. The bill will permit the United States to do the same.

"By expanding the class of investors eligible for OPIC programs, the bill allows greater potential for increased trade benefits to the United States resulting from the foreign enterprise assisted by OPIC, and also affords greater opportunities for U.S. support of developmental projects.

"I believe that this bill will improve the agency's ability to make U.S. business more internationally—and export—minded. The United States is far behind other countries in this regard. Under the present legislation OPIC cannot operate in those countries with per capita incomes of over $1,000 per year. These are the very countries in which foreign private investment can make significant contributions and by not letting OPIC operate its programs there because we define "development" narrowly, we are conceding export markets to our competitors in the other industrialized countries."

NEW OPPORTUNITIES IN MOROCCO

A series of discussions on industrial investment opportunities in Morocco were held in Rabat earlier this year, under the sponsorship of the Government of Morocco with cooperation from UNIDO.

During the meetings, U.S. manufacturers and bankers met with key ministers, high-ranking government officials and local business leaders to discuss selected investment possibilities and incentives offered to foreign investors. More than 80 industrial projects were explored, including enterprises in the fields of agribusiness, textiles and leather, chemicals, building materials, machinery and industrial equipment and electronics assembly.

Organizations interested in further information on the specific projects or the meetings should call or write: Mr. Mounir Bensaid, North American Representative, Moroccan Industrial Development Office, 281 U.N. Plaza, Suite TM-606, New York, New York 10017; telephone 212:754-2004.

Mission to the Dominican Republic

Eighteen corporate officials took part in the OPIC-sponsored investment mission to the Dominican Republic from March 15 to 21 where they met with Government officials and local businessmen interested in the possibility of forming joint ventures with U.S. partners.

Joseph A. Whelan, OPIC's Director of Investment Missions, said that the participants found the visit highly successful and that a number of insurance and finance projects may result during the coming year.

The group assembled in Miami, Florida, and flew from there to Santo Domingo, the capital of the Dominican Republic. On the following day, the group was briefed by Eduardo Fernandez, Governor of the Central Bank, and Manuel Tavarez Espaillat, Secretary of Industry and Commerce. Mission Chairman John O'Brien of the Caterpillar Tractor Corporation, Washington, D.C., and members of the U.S. Embassy staff held a press conference prior to a luncheon sponsored by the American Chamber of Commerce.

In the evening, Ambassador Robert L. Yost and OPIC hosted a reception for the mission members and Dominican business and Government officials at the Ambassador's residence.

On Tuesday, the mission members met with President Antonio Guzman Fernandez who emphasized the interest and importance which both public and private officials placed on the visit of the group. In the evening, the Chamber of Commerce of the Dominican Republic hosted a reception in conjunction with Patrick Hughson, General Manager for Alcoa.

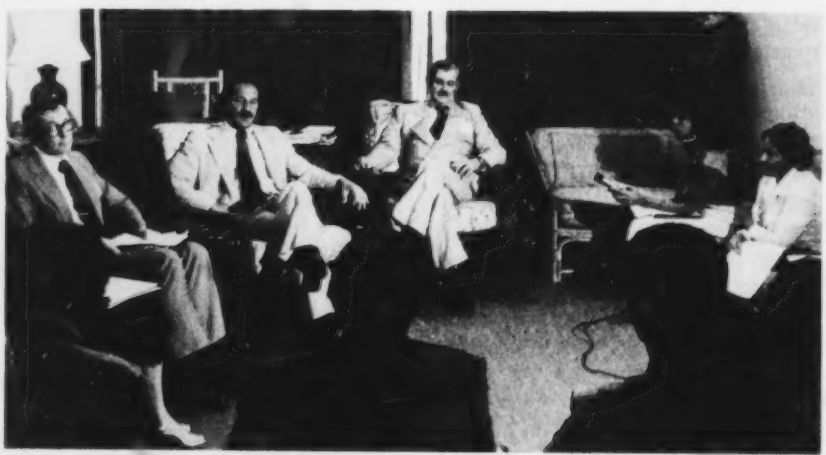
On Wednesday, a group traveled to Santiago to visit the Free Trade Zone and later attended a presentation by the Export Promotion Center of the Dominican Republic, CEDOPEX. On the final day, mission members conducted individual meetings with local businessmen and attended a reception sponsored by the Association of Industries in the evening.

Participants in the visiting investment mission study cigar manufacture at plant in the industrial free zone located in Santiago.

Mission members had high praise for the U.S. Embassy staff and the OPIC officers accompanying the group. In addition to Mr. O'Brien participants included E. Paul Ganz, AZL Resources, Inc., Phoenix, Arizona; James L. Smith, Anderson Grain Company, Nacogdoches, Texas; London Whitted, U.S. Marble, Key West, Florida; Rene Loser, Chemapec, Inc., Woodbury, New York; Frank O'Brien, The O'Brien Machinery Company, Downingtown, Pennsylvania; Jack Trachsel, Riedel International, Portland, Oregon; David Brezie, General Electric Company, Coral Gables, Florida.

Also, Carlos Escudero, Riggs National Bank, Washington, D.C.; Stanley Muller and Jane Rosenberg, Stanley Muller and Associates, New Orleans, Louisiana; James Mills and Frank Mathias, Conagra, Inc., Omaha, Nebraska; Keith O'Daniel, the Pillsbury Company, DeWitt, Arkansas.

Also, Dr. Francisco Hernandez, Agro Tech International, Miami, Florida; Alberto Diaz Masvidal, American Express International Banking Corporation, New York City; Juan Marchini, Arrow-South, Inc., Miami, Florida; Francis Crowley, International Salt Company, Clarks Summit, Pennsylvania.



Mission Chairman John O'Brien, (center), outlines group's objectives during press conference in capital city of Santo Domingo. From left are Joseph Whelan of OPIC and Michael Goldman, Economic Officer of the U.S. Embassy.

Papua New Guinea

A group of more than 15 top businessmen and key government officials from Papua New Guinea will visit the U.S. in May to participate in that nation's first investment seminars in the U.S. The seminars, under the sponsorship of the Papua New Guinea Government and the co-sponsorship of Price Waterhouse, will provide members of the U.S. business community with information about investment opportunities and explore the possibilities for joint venture investments in the South Pacific country. The meetings, to be held in San Francisco on May 19, Houston on May 22, New York on May 27 and Chicago on May 29, will be co-hosted in each city by major U.S. corporations and banks, including Bechtel for San Francisco, Gulf Oil and Fluor Corporation for Houston, Chemical Bank for New York and Chase Bank International for Chicago.

A major objective of the seminars will be to encourage prospective U.S. investors to visit the country as a preliminary step in the establishment of commercial enterprises. Emphasis will be on opportunities in food processing, fishing, small and medium-scale minerals extraction, timber, service industries and shipping.

Papua New Guinea enjoys political stability and offers a favorable investment climate. Convenient access by air, a sound infrastructure including a sophisticated communications system and equitable investment laws, are among the many advantages. The nation's current development plan, formulated in 1975, makes provision for the attraction of considerable new foreign investment. The use of OPIC programs to stimulate investment has been encouraged by the Government since the conclusion of a bilateral agreement in 1978.

For further information on the seminars write or call Susan Mashkes, OPIC, 1129 20th Street, N.W., Washington, D.C. 20527 (202) 632-9646.

Coffee processing in Papua New Guinea

Aerial view of Port Moresby

Trade Programs Consolidated

To strengthen the United States' international trade position the Carter Administration, under its Reorganization Plan Number 3 of 1979 has consolidated a number of trade-related programs under the direction of the U.S. Trade Representative, Ambassador Reubin Askew. Under the plan Ambassador Askew will serve as the vice chairman of OPIC's Board of Directors and membership of the Board has been increased from 11 to 13. An additional private sector member will be nominated by President Carter.

The plan is intended to upgrade the U.S. role in international trade through improved coordination of policy, promotion, U.S. exports and administration of fair trade laws as a recognition of the importance of global interdependence and increased international competition. To meet these goals, the reorganization authorizes the transfer of many trade functions previously administered by the Treasury and State Departments to the Department of Commerce.

Reubin Askew

Responsibility for the day-to-day administration of non-agricultural trade activities is entrusted to the Department of Commerce. Among the responsibilities included will be jurisdiction over complaints about unfairly priced imports and control over some 160 commercial attaches in more than 60 countries. The development and coordination of all policy for international trade and direct investment, and the management of international trade negotiations will be centralized in the Office of the U.S. Trade Representative.

As vice chairman of the OPIC Board, Ambassador Askew will have access to information on foreign investment compiled by the Corporation. The Trade Representative will have the authority to invite OPIC participation in the deliberations of the Trade Policy Committee, an inter-departmental policy advisory group.

Other changes set forth in the plan include: membership for the Commerce Secretary and the U.S. Trade Representative on the Export-Import Bank Board of Directors, creation of the position of Under Secretary for International Trade at Commerce and the addition of more than 50 people to the Trade Representative's staff.

COURT REJECTS REVERE APPEAL

A decision by the United States Court of Appeals for the District of Columbia Circuit has denied an appeal by Revere Copper and Brass, Inc., to set aside or correct part of an arbitration award of $1.1 million against OPIC in connection with the company's expropriation claim for its bauxite mining operation in Jamaica.

Revere originally claimed that certain actions taken by the Government of Jamaica, principally the imposition of a new levy on bauxite production in June 1974, had the effect of an indirect expropriation and filed a claim against OPIC for recovery of $90 million. OPIC denied that the actions cited by Revere amounted to expropriatory action under the terms of its insurance policy and that Revere suffered damages in excess of $90 million.

Among its reasons for denial, OPIC claimed that Revere's Jamaica operations had experienced serious technical and commercial difficulties prior to and following the enactment of the bauxite levy in 1974, and that because of heavy financial losses, the Jamaican plant ceased operations in August 1974 for reasons independent of the bauxite levy or any other Government action. OPIC also contested Revere's contention that the bauxite levy was confiscatory either in design or effect.

Following OPIC's denial, Revere took its claim to arbitration, and a panel of three neutral arbitrators rendered a split decision awarding the company $1.1 million on its claim of $90 million. The majority found that the Jamaican Government actions constituted a repudiation of the 1967 agreement under which the Revere investment was made, and that the resulting uncertainties amounted to interference with control of the enterprise even though there was no direct interference with the company's actual possession or operation. The dissenting arbitrator rejected the notion that such interference with control amounted to expropriatory action under the terms of the insurance and agreed with OPIC's total rejection of the claim.

Sri Lanka Mission

A one-week investment mission to take some 20 U.S. corporate executives to Sri Lanka is now being organized for May 8-17, 1980.

The mission is the ninth sponsored by OPIC, with full support from the Department of State, as part of its program to provide insight and information about potential opportunities in the developing nations.

The mission will provide U.S. business leaders with the opportunity to meet with the head of state, key government ministers, U.S. embassy personnel and local businessmen in related industries as a means for encouraging joint venture operations.

The cost per participant is an estimated $4000 and applications are being accepted from chief executive officers of smaller companies and vice presidents for international, corporate development, finance, or marketing for larger companies. For further information, those interested should write or call Gordon Hunt, Investment Mission Officer, OPIC, Washington, D.C. 20527; telephone 202-632-1780.

INTERAGENCY AND INVESTMENT SEMINARS

Five interagency small business export and investment conferences and four OPIC investment seminars have been scheduled for eight U.S. cities during the spring of 1980.

The interagency seminars, under the joint sponsorship of the U.S. Department of Commerce, the Export-Import Bank, the U.S. Small Business Administration and OPIC, are intended to help small- and medium-sized U.S. businesses and minority-owned firms take advantage of the growing opportunities in international markets as part of the overall drive to improve the U.S. balance of trade.

The OPIC-sponsored investment meetings are an extension of the export and investment conferences and focus special attention on programs available to prospective investors to help the U.S. private sector improve its competitive position overseas. OPIC's special programs for energy and minerals, agribusiness and on-demand performance guaranties are highlighted during the course of these meetings and investment case histories are presented by local businessmen.

J. Bruce Llewellyn, president of OPIC, has keynoted or will be the speaker at the investment seminars and interagency meetings in which OPIC plays the lead-agency role, including those in Miami, Florida; Chicago, Illinois, May 22; and New York City, New York, June 12; Washington, D.C., June 26; a small business conference in Jacksonville, Florida; and a minority small business seminar in New York City, June 10. Key officers of each agency also will deliver addresses during interagency programs that will be held in San Antonio, Texas, April 16; Portland, Oregon, May 19; and St. Louis, Missouri, April 8.

During the fall of 1980, an OPIC investment seminar is being planned for New Orleans on September 16 and OPIC-coordinated interagency conferences will be held in Minneapolis on September 30 and San Juan, Puerto Rico, on November 16. Other seminars in which OPIC officers will participate are scheduled for San Francisco on October 14 and Los Angeles on October 15.

VP For Development

Arnold H. Leibowitz, who is an attorney and expert in the field of economic development, has been named OPIC's Vice President for Development. Prior to joining OPIC, he was president and chief executive officer of the Institute of International Law and Economic Development, an organization which he founded in 1973 to examine the impact of changing international legal and economic relationships.

From 1967 to 1973, Mr. Leibowitz was associated with the Department of Commerce; first as director of the Office of Planning Support, EDA, and then as director of the Office of Technical Assistance, EDA. His government service also has included an affiliation with the Agency for International Development.

Mr. Leibowitz, a member of the New York and District of Columbia bars, has served in a legal capacity with several organizations. From 1962-1964, he was counsel of the Commission on the Status of Puerto Rico and before that an associate with the law firm of Strasser, Speigelberg, Fried, Frank and Kampelman of the District of Columbia.

Mr. Leibowitz has served in the U.S. Army and holds a B.A. degree from Columbia College and a J.D. degree from Yale Law School.

NEW BOARD MEMBERS SWORN IN

Two government officials were sworn in as members of the OPIC Board of Directors by Thomas Ehrlich, director of the International Development Cooperation Agency and OPIC chairman.

Luther H. Hodges, Jr., Deputy Secretary of Commerce, succeeds Frank A. Weil, who left Government service last fall. Other Government representatives on the thirteen-member Board include the Director of IDCA, who serves as chairman, the U.S. Trade Representative, who acts as vice chairman, the president of OPIC and assistant secretaries of State and Treasury. Private members are drawn from industry, labor, small business and cooperatives.

Mr. Hodges, who became the second ranking officer in the Department of Commerce in January of this year, has been with the Agency as Under Secretary since June 1979. Prior to joining the Government, he was professor of management in the Duke University Graduate School of Business Administration.

Luther H. Hodges, Jr. and Deane R. Hinton are sworn in as directors.

From 1962 to 1978, Mr. Hodges served as chairman, vice chairman of the Board of the North Carolina National Bank in Charlotte. Before that he was a research associate and instructor in corporate finance at the University of North Carolina's School of Business Administration in Chapel Hill.

The new State Department board member will be Deane R. Hinton, Assistant Secretary for Economic and Business Affairs. He entered the Foreign Service in 1946 and has served in a number of posts throughout the world.

In 1974, he was named Ambassador to the Republic of Zaire, and the following year returned to Washington as a senior advisor to the Under Secretary of State for Economic Affairs. Before assuming his present position, he served for four years as United States Representative to the European Communities with the rank of Ambassador.

A native of Minnesota, Ambassador Hinton received his A.B. degree from the University of Chicago and did graduate work at the Fletcher School of Law and Diplomacy and Harvard University.

Crouzet Named Finance Deputy

Jean G. R. Crouzet, a former international management consultant and marketing director, has been named OPIC's new Deputy Vice President for Finance. Before joining OPIC, Mr. Crouzet was a resident manager in West Africa for the management consulting firm of Arthur D. Little, Inc. Prior to that, he planned and directed an integrated forestry and wood processing project in Ecuador for Baltek Corp., a manufacturer and distributor of balsa wood products.

Before entering the consulting field, Mr. Crouzet served in several capacities at the International Basic Economy Corporation of New York. He was marketing director, responsible for monitoring the performance of four agribusiness and manufacturing divisions of the firm, and also served as an economic and marketing analyst in San Juan, Puerto Rico.

Jean G. R. Crouzet

From 1972 to 1975 Mr. Crouzet was vice president of Norlin Music International, Inc. of Lincolnwood, Illinois, and from 1961 to 1965 manager of the Advisory and Research Unit of the International Banking Department at the American National Bank and Trust Company in Chicago.

Mr. Crouzet holds an M.B.A. degree from the Graduate School of Business of the University of Chicago and an M.A. degree from the University of Paris, France.

Portugal

Two seminars on investment in Portugal will be held later this year under the sponsorship of the Portuguese Foreign Investment Institute. Dr. Alexandre Van Pinto, President of the Institute, will be the speaker.

Details will be available from: Mr. Ivo Cordeiro, Director, Portuguese Government Trade Office, One Park Plaza, 3250 Wilshire Boulevard, Los Angeles, CA, 90010. (213) 380-2281.

Programs for China

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portant and growing market. "Last year alone," he said, "the total import-export trade of the PRC was in excess of $28 billion. Of that total, the U.S. share was $2.3 billion, while Japan accounted for more than $6 billion. In terms of exports to China, Japan accounts for nearly half of the total, followed by Germany, Canada and France."

Mr. Llewellyn said that in July 1979, China adopted a joint venture law establishing overall guidelines and assuring protection of the capital and profits of foreign participants, and repatriation of profits and capital in accord with established exchange control laws and regulations. The law also provides for conciliation and arbitration as the primary means for resolving disputes between joint venture participants. Negotiations can be conducted in neutral third countries and by non-Chinese arbitrators if the joint venture agreements so specify.

"The OPIC program is self-sustaining, and the Corporation does not receive Congressional appropriations," he said. "In short, the users of the services pay their own way, and in so doing, open the way for economic growth in the developing nations and in the United States as well. With access to the huge market in the PRC we can make a significant contribution to the development of a great nation and also to our own growth during the 1980's.

"Acceleration of economic growth in the developing countries is very much in the U.S. national interest, because the building of new and diversified markets will mean expanded growth and more jobs here at home. If we are to grasp the opportunity, however, we cannot ignore the fact that the other industrialized nations are well aware of the potential of these markets and are wasting no time in establishing footholds in every corner of the globe.

"U.S. investors must be given the kind of support enjoyed by their counterparts in other industrialized nations if they are to realize a share of this opportunity. They need the kind of support provided by OPIC political risk insurance and finance programs to minimize or at least reduce the unusual risks that may be involved.

"Both nations stand to benefit significantly from the establishment of the direct working relationships which grow out of a kind of investment that creates new opportunity and a better quality of life. We believe that OPIC can play an essential role in building new bridges between the U.S. and China, and with your help and support we are ready to get on with the job."

Mr. Llewellyn pointed out that in 1971, the Foreign Assistance Act of 1961, as amended, under which OPIC derives its authority, was further amended to authorize activation of its programs for Yugoslavia and Romania subject to a Presidential determination that their operation was important to the national interest. "The presently proposed legislation would allow the President to place the PRC in the same category as Romania and Yugoslavia in regard to the availability of OPIC programs," he said.

Once legislation is enacted, it will be necessary for the President to make the national interest determination regarding the PRC. A bilateral agreement covering the operation of the OPIC programs would then have to be negotiated between the two countries.

African/American Directory

Publication of the new African/American Directory is scheduled for March 1980. This will be the first directory listing some 2,000 American non-profit and profit-making organizations which have African interests. For details on its Advisory Board, distribution, advertising rates, subsequent directories, subscription costs and free listing, write: Herbert Cooper, Cooper/Lang Communications, Inc., 600 New Hampshire Avenue, N.W., Suite 812, Washington, D.C. 20037; or call 202:543-2592.

1980 CENSUS

The 1980 census questionnaire has been mailed out and everyone is urged to respond as soon as possible.

The population count will be the basis for assuring every citizen equal representation in the House of Representatives, many State legislatures and in local redistricting. Census findings also will be the basis for distributing more than $50 billion spent annually through government programs.

TOPICS is published by the Office of Public and Congressional Affairs of the Overseas Private Investment Corporation (OPIC). Its purpose is to provide information on OPIC to clients, the business community, U.S. and foreign government officials, the press, and interested segments of the general public.

Inquiries or requests for additional information should be directed to the Office of Public and Congressional Affairs, Overseas Private Investment Corporation, 1129 20th Street, N.W., Washington, D.C. 20527. Telephone: (202) 632-1854.

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TOPICS

PUBLISHED BY OVERSEAS PRIVATE INVESTMENT CORPORATION

BUSINESS LEADERS, GOVERNMENT OFFICIALS URGE OPIC EXTENSION

"We would never have ventured overseas without the protection of the Overseas Private Investment Corporation. Our small company is now an important factor in improving diets in five developing countries. I feel that this is one of the finest Government programs for real assistance to the developing world. It is practical; it is altruistic; it benefits others while benefitting the United States; and Seaboard's activities have not cost the taxpayer a penny."

Thus did Richard G. Myers, executive vice president and treasurer of the Seaboard Allied Milling Corporation, Kansas City, Missouri, urge support for legislation proposed by Senators Jacob K. Javits and Abraham Ribicoff (S.2186) to extend the Corporation's authority to 1985. The bill also includes a number of recommended changes designed to emphasize OPIC's dual purpose of contributing to social and economic progress in the developing countries while helping to strengthen the U.S. economy through the creation of new markets and the generation of additional exports.

Mr. Myers was one of five private sector business executives who appeared before the Senate Foreign Relations Committee in support of OPIC and its extension at hearings held

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PRC BILL SIGNED

Legislation authorizing the operation of OPIC's political risk insurance and finance programs in the People's Republic of China has been signed by President Carter. The President also made the determination, as required by law, that operation of the OPIC programs in the PRC is important to the national interest.

The President's statement read as follows: "The Congress has acted wisely in passing legislation amending the Foreign Assistance Act to authorize the Overseas Private Investment Corporation (OPIC) to operate in the People's Republic of China.

"The establishment of diplomatic relations between the United States and the PRC in January 1979 opened

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Five corporate executives testified before Senate Foreign Relations Committee in support of legislation proposed by Senators Javits and Ribicoff (S. 2186) to extend OPIC operating authority through 1985. Left to right are: Richard Brennan, director of International Affairs of Union Carbide Corporation, representing the U.S. Chamber of Commerce; Richard G. Myers, executive vice president and treasurer Seabord Allied Milling Corporation; John Withers, vice president and contracts manager, H.B. Zachry Company (International); William S. King, vice president, Occidental Petroleum Corporation; and Julian C. Madison, executive vice president of Madison Madison International.

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on June 11 and 12. Senator Paul S. Sarbanes of Maryland presided in the absence of Senator Frank Church of Idaho, Chairman of the Committee. Other witnesses included: Julian C. Madison, executive vice president of Madison Madison International (MMI), Cleveland, Ohio; John Withers, vice president and contracts manager of H.B. Zachry Company (International) San Antonio, Texas; Richard M. Brennan, director of International Affairs, Union Carbide Corporation New York City, who appeared for the Chamber of Commerce of the United States; and William S. King, assistant to the Vice President, Occidental Petroleum Corporation, Los Angeles, California.

The executives presented their views on the second day of the hearings, and their testimony added the perspective of the business community to that established by Government officials concerned with foreign economic policy on the previous day. Among those appearing on the first day were: Thomas Ehrlich, Director of the International Development Cooperation Agency (IDCA), and Chairman of OPIC's Board of Directors; Luther H. Hodges, Jr., Deputy Secretary of Commerce; Deane R. Hinton, Deputy Secretary of State for Economic and Business Affairs; and J. Bruce Llewellyn, President of OPIC. Additional support for S.2186 was presented in written form by Charles W. Robinson, former Deputy Secretary of State, now chairman of the ASEAN-U.S. Business Council and the National Foreign Trade Council, a private, non-profit organization of more than 600 U.S. companies engaged in foreign trade and investment.

"Were it not for the availability of OPIC programs we would not be involved in five developing nations," Mr. Myers said. "As a medium-sized company we have utilized OPIC services to research, finance or protect our investments in Nigeria, Liberia, Sierra Leone, Guyana and Ecuador.

Senator Jacob K. Javits and OPIC President Llewellyn.

". . . Typical of Seaboard's flour enterprises is its new flour mill at Sapele, Nigeria, financed in part with an OPIC direct loan of $2 million. The mill produces high grade flour, enriched with minerals and vitamins to U.S. standards, that enhances the nutritional value of bakery products never before available in that area.

"The Nigerian mill presently imports 5½ million bushels of wheat annually from the United States. The capacity of the mill is now being doubled for the second time thanks to an additional OPIC loan, so that annual imports of U.S. wheat after January 1, 1982, will approximate 11 million bushels. Seaboard's other overseas mills presently grind another six million bushels of U.S. wheat annually. At today's prices, this quantity of wheat has a value of about $75 million FOB New Orleans. In addition, we are importing nearly two million bushels of U.S. corn worth about $5.5 million dollars annually into Nigeria to aid the development of the local feed mixing industry."

Turning to the developmental benefits generated by the company's projects, Mr. Myers pointed out that in addition to providing a much needed quality staple, Seaboard's mills have created jobs and brought new skills and technology to the five

host countries. "Some 1,000 nationals are employed in our overseas operations and are learning modern production processes which constitute a future potential for their communities," he said. "Inspired by the success that has been achieved with the help of OPIC, Seaboard is expanding into other food producing areas.

"On the site of the Nigeria mill, directly served by ocean-going cargo ships, the company has built facilities to serve shrimp trawlers and to process the catch for the Nigerian and U.S. markets. Seaboard now operates the U.S.-manufactured trawlers that, in addition to shrimp, are catching about 500 tons of fish monthly for the protein-short local market. We have also built a feed mill which is playing a major role to help develop poultry production in Nigeria for the meat-short market. This operation imports soybean meal and other additives from the U.S. We anticipate construction of additional feed mills in Nigeria.

"The basic concept of providing staples, which mean higher nutritional standards and more varied diets for the people of these developing countries, combines the economic and social motives which underlie the developmental process. A key factor in maintaining a balance between the two is the knowledge that incentive programs such as those offered by OPIC make it possible for us to invest in countries where political risks must be considered along with the economic factors that enter into business decisions."

Mr. Myers said that the project has been a successful one from Seaboard's standpoint, but that there are important relationships formed in addition to business considerations. "That Government," he said, "has appointed me Honorary Consul, the only one they have in the U.S., for Missouri and Kansas." He pointed out that the citizens of Kansas City have donated some 20 tons of medical equipment and 15 tons of textbooks to Sierra Leone. "Last month for the second time, the Mayor of Freetown visited with the civic administration of Kansas City," he said. "The point is that businessmen can construct bridges from this country to other nations that help to bind peoples together with respect for each other and to promote peace. These are the other benefits created by OPIC that don't show up on the balance sheets."

Julian C. Madison, executive vice president of Madison Madison International (MMI), an architectural planning and engineering firm headquartered in Cleveland, Ohio, said that less than sixty days after his company's initial meeting with OPIC during which time a feasibility study covering a current project in Trinidad and Tobago was conducted, the firm had a letter of commitment from OPIC. "From the first meeting, President Llewellyn and his dedicated staff provided encouragement to us and invited us to formally apply for OPIC assistance . . . the speed with which this was done is a testimony to the dedication and professionalism of the OPIC staff."

Mr. Madison noted that all of the equipment for the plant except ready mix trucks was purchased from U.S. manufacturers. Since right hand drive is mandatory in the country, the trucks had to be purchased in England. "Citizens of Trinidad and Tobago will participate with us in the ownership of WESCON," he said. "MMI will execute a management contract with WESCON to insure that the project is properly managed. Already the local stock issue has been substantially oversubscribed by some 300 percent. It is my belief that this has occurred because of the confidence that the people have in the project, MMI staff and the Overseas Private Investment Corporation—a fitting tribute to its first project ever in the Republic of Trinidad and Tobago."

John Withers, vice president and contracts manager of H. B. Zachry Company (International), general contractors of San Antonio, Texas, who have undertaken a wide variety of

Senators Javits (left) and Sarbanes hear testimony on OPIC extension.

projects throughout the United States and in many foreign countries, said:

"The needs of the developing countries are enormous, particularly in the area of creating a sound infrastructure to support future growth, and few of them have the expertise to plan, design and build such complex projects as power plants, dams, roads and other basic necessities. Thus, they must look to foreign companies for help, and their needs provide great opportunities for U.S. construction companies. However, just as the opportunities are great, so are the hazards. In addition, the competition from other industrialized nation contractors is fierce and growing more intense. Accordingly, we need all the help we can get to meet the challenges from the Japanese, the British, the Germans, the French, the Koreans and others.

"Part of the help we must have is the OPIC Letter of Credit Guaranty insurance. This allows us to bid for projects which we would otherwise have to pass up, and provides protection against arbitrary and unilateral drawdown by a host government for political reasons of the letters of credit we must provide.

"Most export insurance programs operated by other industrialized countries protect their contractors against this contingency, and as a result, the competition has enjoyed an advantage over U.S. contractors who have had to include large contingent sums in their bids as self-insurance. The OPIC program permits us to bid competitively and assures that we will be able to get insurance coverage in the event we get the contract."

In closing Mr. Withers said: "We would like to know that OPIC programs will be available to us as we plan for the future in a rapidly changing world. Finally, I would point out that the business community is willing to pay for OPIC services and that this is one Government agency that does not use public funds to support its operations.

"We urge you to consider the proposed extension of authority and other provisions of S.2186 which will broaden OPIC's usefulness to the business community and strengthen the partnership that has been built up between the public and private sectors over the years."

Testifying on behalf of the U.S. Chamber of Commerce, Richard M. Brennan, Director of International Affairs for Union Carbide Corporation, told the Committee that passage of S. 2186 will "represent a useful step towards expanding U.S. exports and increasing U.S. employment levels.

"In 1971 Union Carbide conducted a detailed study of the effect its international investments had on the U.S. economy. This study was updated in 1975 and covers 24 years of international investment experience from 1951 to 1974. It clearly demonstrates the highly favorable "pull-effect" our investments have had on exports from the U.S. Equally important is the favorable effect on U.S. employment and the U.S. balance of payments. For example, the study demonstrates a direct positive correlation between the trends of our affiliates' production and exports from the U.S. Exports to our affiliates have consistently accounted for over 50 percent of our total exports.

"We have utilized the services provided by OPIC or its predecessor organizations for the last fifteen years. Our initial focus is on the growth potential of the local market. If the longer term economic and commercial pros outweigh the cons, then we evalulate the future potential climate of the country. Where there is a high probability of instability we will not go ahead with the investment. However, when there is only an element of uncertainty as to the future sociopolitical stability of the country, then the availability of OPIC insurance is often one of the by factors in making a decision to go ahead. Undoubtedly many of the other corporations within the U.S. Chamber follow a similar line of analysis when evaluating OPIC insurance.

"The services provided by OPIC represent one of the few internationally acceptable measures that effectively enhances U.S. exports and employment. Prompt passage of S. 2186 or similar legislation would be a very positive indication to the business community of the Congress' interest in expanding exports. It would be a sign of action that would demonstrate that export expansion has been given the high priority it deserves."

In his capacity as chairman of the U.S. section of the ASEAN-U.S. Business Council, Charles W. Robinson, former Deputy Secretary of State and OPIC director, pointed out that "the ASEAN countries together represent one of the most rapidly developing areas of the world. Today, they have become our fifth largest trading partners with a total two-way trade last year of over $16 billion. In addition, U.S. companies have invested approximately $4 billion in manufacturing, natural resource and service facilities in the region.

". . . With U.S. withdrawal from Vietnam in 1975, the ASEAN countries were confronted with a serious external threat to their security. Time and again, U.S. government officials have expressed support of the ASEAN concept, recognizing the important, stabilizing role it plays in this strategic and economically significant area of the world.

"It is our firm belief that, through the cooperative efforts of the ASEAN and U.S. private sectors, a major contribution can be made to the economic progress and stability of the region and, with it, enhanced security —all brought about through peaceful means.

"Clearly, the Congress and the administration have an interest in fur-

Senator Sarbanes studies notes in preparation for question.

thering this economic and political entity in our own national interest. Thus, it becomes all the more imperative that we utilize every resource available to increase our international competitive position in ASEAN and elsewhere."

Mr. Robinson urged several steps to increase OPIC's effectiveness, including: consideration of the establishment of a regional office in the area to provide on-location services to U.S. firms; increased authority to provide necessary funding for greater U.S. involvement in feasibility studies; additional authority to expand its guaranty and finance programs to provide greater finance support for much-needed projects involving small and medium-sized firms; and organization of more investment missions targeted to the specific needs of ASEAN, with special emphasis on infrastructure projects. In support of these proposals, he cited his findings in meetings with heads of state and other ASEAN officials as leader of the OPIC-sponsored 25-member mission to the area in 1978. "We were impressed with the fact that there is a congruence of U.S. national and private sector interests in the ASEAN region," he said.

"OPIC is a unique institution," Mr. Robinson concluded. "It is a small but effective part of our international competitive posture. It should be encouraged and given the proper resources and authority to do its job effectively."

In its memorandum to the committee, the National Foreign Trade Council called the "new emphasis on fostering trade-related investments highly desirable."

The Council also expressed support for elimination of the restriction on OPIC programs to investment projects in countries with a per capita income of $1,000 or less in 1975 dollars, and emphasized the importance of OPIC's original mandate to mobilize and facilitate the participation of U.S. private capital and skills in less developed friendly countries.

The Council also emphasized that "the preferential consideration given to investment projects by small businesses should not become a basis for policies adverse to large business projects, which can play an essential role in the economic development of host countries as well as in the promotion of U.S. exports. The special program of assistance for the exploration and development of new services of minerals and energy should be expanded beyond the present $4 million limitation for direct loans and $50 million in loan guaranties.

"In general," the statement said, "the Council strongly supports the programs of the Overseas Private Investment Corporation as an essential factor in the expansion of American foreign trade and investment. . . . In our opinion, OPIC has demonstrated its important role as an effective partner of the private sector in maintaining U.S. leadership in international markets as well as in promoting the economic growth of developing countries."

Criticism of S. 2186 was expressed by the AFL/CIO and the Center for International Policy, both of which have traditionally opposed OPIC programs.

On the opening day of the hearings, Senator Paul Tsongas of Massachusetts observed that labor continues to oppose OPIC even though the programs can create employment. He also asked why labor has repeatedly ignored or refused opportunities to participate in OPIC decisions by naming a member to the Board of Directors.

No further hearings have been scheduled at the present time.

Axtell Is Executive Vice President

In a brief ceremony in Chicago, Illinois, Dean R. Axtell was formally sworn in as OPIC's new executive vice president. An accountant and businessman from Park Forest, Illinois, Mr. Axtell was nominated for the position by President Carter and confirmed by the U.S. Senate in May.

Prior to joining OPIC, Mr. Axtell served in several capacities at AMCA International Corporation, a manufacturer of consumer and construction products. As president of the DESA Industries Division, he increased profitability through reorganization, cost reduction and the introduction of new marketing concepts. From 1974-1976 he was vice president and general manager of the Varco-Pruden Division of AMCA, during which time that unit achieved record growth in sales and earnings.

Before his association with AMCA, Mr. Axtell was with Inland Ryerson Construction Products Co., holding a number of positions including that of vice president for operations and vice president for building systems. He began his career as a senior auditor at Ernst and Ernst.

Mr. Axtell, a certified public accountant in the state of Wisconsin, holds a B.A. degree from the University of Wisconsin.

New Orleans International Trade Mart, site of OPIC seminar overlooks harbor.

NEW ORLEANS SEMINAR

An OPIC seminar on foreign investment opportunities and U.S. Government investment incentive programs will be held at the New Orleans Hilton in New Orleans, Louisiana, on September 18, 1980. The U.S. Department of Commerce, The International Trade Mart and some 25 local, state, regional and special interest organizations will co-sponsor the event, which will emphasize investment opportunities in the developing world and OPIC programs to improve the U.S. private sector's competitive position in gaining access to new markets abroad.

The principal speaker at the luncheon, to be held at the Plimsoll Club of the International Trade Mart of New Orleans, will be OPIC President J. Bruce Llewellyn, who has discussed economic policies and opportunities with the leaders and officials of more than 30 nations in the past 18 months. OPIC client speakers will include: Benjamin S. Jaffray, vice president, Finance, and Treasurer, Cargill Incorporated; Nils A. Kindwall, senior vice president and chief financial officer, Freeport Minerals Company, and James J. Coleman, Sr., President, International Trade Mart of New Orleans. Officers of the OPIC Finance and Insurance Departments will describe the services provided by the agency.

During the afternoon session, discussion will focus on OPIC's special programs for energy and minerals, agribusiness and coverage against arbitrary drawings of letters of credit for on-demand bonds required as bid, performance or advance payment guaranties by many foreign governments, particularly in the Middle East.

On Friday, September 19, the International Trade Mart will arrange appointments and briefings on the New Orleans business community and port facilities.

The seminar is the seventh of a new series on foreign investment begun in November of last year. Additional meetings are planned for 1981 with dates and places to be announced.

Further information may be obtained by calling OPIC's toll-free "Hot Line," 1-800-424-OPIC.

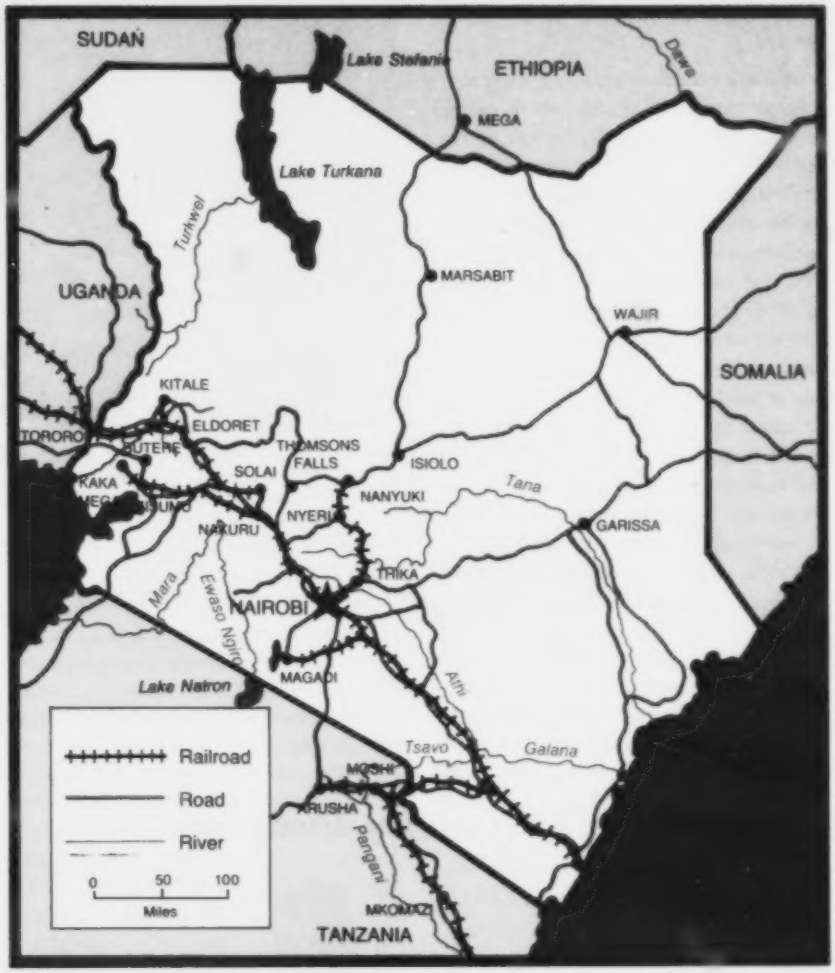
Kenya Mission

Some 25 corporate executives from diverse industry sectors are expected to participate in a one-week investment mission to Kenya scheduled for October 7-16, 1980. The mission, which is being organized by OPIC with full support from the State Department, will be led by OPIC President J. Bruce Llewellyn and His Excellency John P. Mbogua, Kenya's Ambassador to the United States.

During the course of the mission, the U.S. businessmen will meet with the Kenyan President Daniel T. arap Moi, heads of the key ministries concerned with investment and development, embassy staff and local business leaders in related industry sectors to gain insight and firsthand information.

The mission will be the 11th sponsored by OPIC as part of its program to provide access to new markets for the U.S. business community through the encouragement of joint venture operations and identification of investment opportunities in the developing nations.

According to Mr. Llewellyn, the mission will be particularly interesting for executives from such key sectors as agribusiness, minerals and energy, tourism and the manufacture of products for distribution in East African markets and the Middle East.



The cost per mission member will be an estimated $4000, including "Clipper", C, or equivalent class travel, lodging, and a pro-rata share of mission-sponsored entertainment, meals and organizational costs.

Further information may be obtained by writing or calling Joseph A. Whelan, Director, Investment Missions, OPIC, Washington, D.C. 20527; telephone 202-632-1780.

LETTERS OF CREDIT INSURANCE PROGRAM

Since the introduction of its letter of credit guaranty insurance program in early 1979, OPIC has issued more than $22 million in insurance to cover 22 projects in 9 developing nations. Of that total, $720,000 was provided for projects in Bangladesh, $135,000 in Egypt, $450,000 in Greece, $22,878,897 in Indonesia, $162,000 in Jordan, $8,546,957 in Saudi Arabia, $4,974,459 in Syria and $2,727,000 in Taiwan. Projects ranged from hospital construction, radio telecommunications services, design of vocational training programs and highway construction to engineering design service, supply of locomotives and construction of water supply systems.

OPIC's letter of credit guaranty program covers up to 90 percent of U.S. construction and technical service contractors' losses resulting from the arbitrary drawing of standby letters of credit or other unconditional guaranties of bids, performance or advance payments. Foreign governments customarily require contractors to provide on-demand guaranties in lieu of the conditional surety bonds traditionally used in the United States. The program, broadened last spring, is offered in all countries where OPIC programs are active, with no restriction applied to high income countries.

PRC Bill

from page 1

a new era based on equality, common interest and mutual respect. In order to develop this mutually beneficial relationship, we have made agreements covering scientific and technological cooperation, consular affairs, claims settlements and bilateral trade. The PRC has now adopted a new law on joint ventures, making it possible for private American business to participate in the economic modernization and growth of the PRC.

"Over the past ten years, OPIC has written more than $10 billion in political risk insurance covering long-term American investments in nearly 70 developing countries. By facilitating this flow of private investment OPIC and our private investors carry out an important part of U.S. foreign economic policy. Now, private U.S. investors and contractors insured by OPIC can serve the interests of both the United States and China.

Preliminary discussion of foreign investment in the People's Republic of China is carried on between members of the China International Trust and Development Corporation (CITIC) and OPIC officers (foreground).

"OPIC is selective, supporting only those investments that contribute to the development of the host country and that do not harm the U.S. economy. The investments and contracts supported by OPIC open up new markets for U.S. industrial goods and agricultural products.

"This legislation will permit negotiation of an agreement to initiate OPIC services in the People's Republic of China. It is a further step in establishing mutually beneficial economic relations between the largest nation and the largest economy in the world."

Small Business Activity Increases

In just six years, the number of OPIC-insured enterprises involving small- or medium-sized U.S. investors has more than doubled, according to a recent survey of projects supported from fiscal years 1974 through 1979. The percentage increase in finance projects has nearly doubled although the degree of small business participation in the finance program traditionally has been above the 30 percent level.

In fiscal 1974 out of a total of 146 projects insured, 11.6 percent involved smaller businesses. At the close of fiscal 1979, the percentages had risen to 30.6 percent, and during the first nine months of fiscal 1980, the rate of small business applications on hand represented 34 percent of the total.

Finance projects completed in 1974 amounted to 33.3 percent and in 1979 were 64.3 percent. Thus far in 1980, the rate of finance applications has reached 70 percent.

Loan and grant to Institute for International Development, Inc. will help small business in four nations.

"We have made a concerted drive to educate the executives of smaller and medium-sized businesses about the potential for doing business in the developing countries and the various incentive services available from the Government," says OPIC President J. Bruce Llewellyn, "and the effort is producing results. At the same time, we are extremely careful not to oversell the idea of entering international competition because many smaller companies simply are not ready to handle the risks involved.

"But there is a sizable number of companies below the level of the "Fortune 1000" who have the capital and management capabilities to take advantage of opportunities which match up with their objectives. The upward trend in smaller business participation and the increasing interest in international operation throughout the business community are an encouraging sign that we will be tougher competitors in the 1980s."

SRI LANKA MISSION

"The first major investment mission from the U.S. to visit our country" were the words used by the Honorable Ronnie de Mel, Sri Lanka's Minister of Finance and Planning, to describe the OPIC-sponsored group of 14 corporate executives which visited the Far East nation earlier this year.

Mission members unanimously agreed that the island's investment climate is highly favorable, and Sri Lankan ministers and businessmen voiced equal enthusiasm about the possibilities for joint venture operations with U.S. partners. "One decision to invest already has been finalized," says Gordon E. Hunt, OPIC investment missions officer, who organized the mission. "In addition, we already have indication that three or four additional projects are under serious consideration."

During the course of the visit, the group met with President Jayawardene, Prime Minister Premadasa, top ranking officials and local businessmen, and visited the country's Free Trade Zone which offers foreign investors a number of incentives.

Mr. de Mel emphasized his country's long standing democratic tradition, its record of political stability and a number of constitutional reforms which have opened new directions for the economy. "The basic strategy underlying this transformation was the dismantling of crippling bureaucratic controls and the restoration of incentives for investment, entrepreneurship, savings and individual enterprise and initiative. An outward-looking economy has replaced a controlled inward-looking one."

He pointed out that despite problems caused by the world economic situation and adverse weather conditions which affected the agricultural sector during 1979, the country's growth rate over the past two years has been a healthy 7.2 percent. He also emphasized a literacy rate of nearly 90 percent, a quality of life index that compares favorably with the world's industrialized nations, and natural resources awaiting development.

Trade and Shipping Minister Athulathmudali greets Paul Liebman of Coilcraft as Ambassador Toussaint and mission member London Whitted look on.

"Whilst we are embarking on large-scale public sector development programs, however, we have assigned an important and crucial role to the private sector. . . . We expect local firms and entrepreneurs to collaborate with foreign partners to bring in foreign capital, technology and marketing know-how to harness the many natural resources available locally . . . We have given the highest priority in our development strategy to the promotion and protection of foreign investment."

Mr. de Mel concluded his address by emphasizing the country's strategic location for serving markets in the Far and Middle East and pointing up the fact that a readily teachable labor force is available.

In a subsequent meeting (the Honorable Lalith Athulathmudali, Minister of Trade and Shipping, reiterated the country's interest in attracting U.S. investment and summed up the nation's views on the types of investment which would be most welcome. "Foreign investors appear to fall into three categories," he said. "The first, whom we love, are those who come to trade, who just come to sell. For the second category we have a little more love. Those who come to sell us machines, and to invest with their machines. But those for whom we reserve the most love are those who come to take a little risk with us. Invest money, know-how, marketing skills, machines management, techniques—anything which you have learned to perfect over a 100 years.

. . . "You have perhaps the greatest resources for capital export . . . we would like you to join us to go forward together for your benefit and ours."

U.S. Embassy personnel who played a key role in organizing schedules for the mission members said that the general impact of the visit was "highly positive" and that they look to the future wtih consid-

Traditional lighting of the torch marks the opening of the OPIC investment mission visit to Sri Lanka. From left to right are: U.S. Ambassador Donald R. Toussaint; Alfred Beadleston, mission chairman; the Honorable Ronnie de Mel, Minister of Finance and Planning; the Honorable Lalith Athulathmudali, Minister of Trade and Shipping.

erable optimism about eventual results. "We cannot expect complex investment decisions to come about as the result of one mission," Mr. Hunt said, "but certainly the positive reaction of both sides to the group's visit indicates a high degree of interest in the potential of the future. OPIC will continue to maintain liaison between the country and the companies in anticipation of future developments."

U.S. executives participating in the mission were: Alfred N. Beadleston, president, American Express Management Services, Inc.; Allan H. DeMuth, president, A. D. Wood Products Corporation; Marshall L. Froland, project manager, Planning Studies, General Electric Company; Bernard Hitchcock, president, PICO, Inc.; Paul Liebman, marketing manager, Coilcraft; Geraldine F. Martin, director, NIBCO, Inc., Lee Martin, Chairman of the Board, NIBCO, Inc.; Elmer T. Salgo, president, Interkiln Corporation of America; Steven Schaffron, director, Marketing Research and Development, American President Lines; Everett W. Van Ness, senior vice president, Davy Inc.; London Whitted, vice president, U.S. Marble; Wilson Parma, Air Cargo Enterprises.

Insurance Claims Experience To Date

As of June 30, 1980, settlements of 102 insurance claims involving more than $366.6 million had been effected through cash payments, guaranties of host government obligations or indemnities. Of the total, 94 settlements were made by OPIC and 8 by its predecessor agency.

Since the first payment was made in 1966, $128.8 million has been paid in cash, and an additional $84.9 million in cash has been paid by third parties through OPIC guaranties of host government obligations. Of the remaining $152.9 million, $144.9 million is represented by host government obligations to investors guaranteed by OPIC. Also, OPIC provided an indemnity against loss to one investor for a potential liability of up to $8 million. OPIC guaranties and indemnities are backed by the full faith and credit of the U.S.

Eighteen claims have been denied under the insurance programs (ten by OPIC), but only five have been submitted to arbitration by the investors.

Of the total $128.8 million in cash settlements paid by OPIC, $59.5 million and some interest has been recovered through compensation by host governments and the disposal of assets acquired. An additional $42.3 million in principal recoveries is anticipated, primarily from fixed obligations recognized by host governments. There have been no repudiations or defaults on any OPIC-guaranteed host government obligations although certain obligations are rescheduled as part of Chile's general external debt rescheduling.

DEVELOPMENT REPORT

In accordance with its legislative mandate, OPIC has submitted to the Congress its annual report on the developmental impact of projects insured or financed during fiscal 1979. The report is based on an analysis of each project compiled in accordance with criteria established by the Corporation in cooperation with the Agency for International Development, and evaluates OPIC's programs in relation to the objectives of the overall development assistance programs of the United States.

The report also assesses the development impact of the projects supported in relation to a number of significant areas including job creation, technology transfer and technical training, balance of payments, energy, food production, processing and distribution, rural and infrastructure development, local economy linkages, community services, environmental protection and worker safety. It also describes the agency's special programs.

In 1979, OPIC made commitments to insure or finance 83 projects in 33 countries representing a total overall investment of approximately $894 million. U.S. companies will supply more than 50 percent of the capital needs; host countries will invest about $105 million; third country participation will be some $286 million and multilateral lending institutions will supply an estimated $4 million. Estimates are that the projects will generate an increase in exports and reduce host country dependence on imports for a net gain of $149 million annually. Half of the projects will be joint ventures with local partners, and more than 30 percent involve small business.

The 83 projects will create an estimated 16,884 new host country jobs by the fifth year of operation, plus thousands of opportunities arising from increased need for local production and supplies. Forty-four of the 83 projects are located in countries with a per capita GNP of $520 or less (in 1975 U.S. dollars), and these will create an estimated 9,586 jobs. All but 13 of the projects are located in countries with a per capita GNP below $1000.

Roughly half of the new jobs in the poorest countries are in the manufacturing sector, a quarter in agribusiness and forestry and the remainder in minerals, construction, tourism and banking. In the middle income countries ($520 to $1000 per capita GNP), the manufacturing sector accounted for only one-eighth of the new jobs.

The report notes that increased petroleum costs have caused serious problems in the developing world and that the Corporation's concentrated effort to develop new energy sources included insurance of investments in offshore oil fields in Greece and Ghana plus an exploration project in Egypt. Also included were a number of agribusiness projects which will help to increase food production, storage, processing and distribution, many of which will contribute to rural development as well. Other projects will play a key role in developing infrastructure, and most will make ongoing contributions to local community services. In all cases, environmental protection and worker safety programs were considered in the decision to provide project support.

During the year, OPIC joined with a number of development organizations from other nations to support multilateral projects, contributed to UNIDO's Industrial Investment Promotion Service to train LDC officials, and extended a loan and grant to Witherspoon Development Corporation, a private voluntary organization, to support extension of its small business program in the Caribbean.

The report concludes by pointing out that foreign investment produces positive effects on the U.S. economy by opening new job opportunities, generating exports and returning revenues to the U.S.

Supreme Court Upholds OPIC

The Supreme Court let stand the award of $1.1 million in insurance benefits to Revere Copper and Brass Inc. for the company's expropriation claim for its bauxite mining operation in Jamaica. The action was the company's final attempt to overturn an arbitration decision made in 1978.

The Revere claim held that certain actions taken by the Government of Jamaica, including the imposition of a new tax on bauxite production was, in effect, an expropriation and filed suit for recovery of $90 million. OPIC denied the claim on the grounds that the project was a commercial failure prior to any alleged expropriatory action, and that the Jamaican plant ceased operations in 1974 for reasons independent of the bauxite levy or any other Government action. OPIC also contended that the bauxite levy was not confiscatory in design or effect. Revere took its claim to arbitration and a panel of three arbitrators rendered a split decision awarding the company only $1.1 million. The majority of the panel agreed that the levy was not confiscatory, but found that its imposition and other Government actions constituted a repudiation of an investment agreement with the Government causing loss of control.

Following the decision, Revere brought suit in the U.S. District Court of the District of Columbia which upheld the arbitrators. Revere then took its case to the Court of Appeals which upheld the lower court and finally to the Supreme Court, which let the award stand.

CEO SEMINAR; DIPLOMATIC RECEPTION

More than 70 corporate officers convened in Washington for a special seminar on OPIC insurance and finance programs held prior to the agency's traditional diplomatic reception at the State Department. The meeting was the first of a series designed to update the U.S. business community on investment opportunities in the developing world and the incentive programs offered by the U.S. Government.

CEO's receive update on OPIC programs.

The meeting provided the private sector executives with the opportunity to raise questions about OPIC programs and to exchange ideas with the Corporation's officers on the perception of future needs. Following the business meeting, the businessmen attended the reception where they met personally with representatives of more than 40 foreign countries to discuss potential opportunities.

The executives indicated that they found the meeting "a constructive forum for an update on Washington developments and to get first-hand information about a number of countries which might be prospects for future investment." Many participants asked about legislation to extend OPIC's authority to 1985 and what incentive programs the business community can look for during the 1980s as U.S. companies are faced with growing international competition for new markets in the developing world.

Keynoting the meeting was OPIC President J. Bruce Llewellyn who urged the group to follow legislative developments relating to the Corporation and its programs and to transmit their views to Senators and Congressmen. "We need your support," he said, "because we know that our opposition will make itself heard. The availability of political risk insurance and finance services will play an important role in encouraging U.S. investment and continued growth."

Business executive asks question at seminar.

Mr. Llewellyn and Patrick Daly, State Department Protocol Officer.

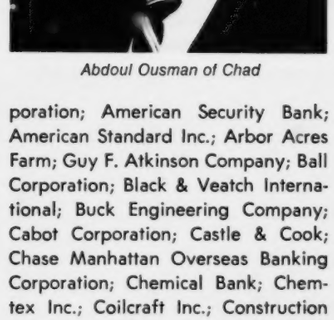
The diplomatic reception was attended by representatives of more than 40 developing nations, Cabinet members, Senators, Congressmen, officials from other U.S. Government agencies and members of the White House staff.

Developing nations represented at the meeting included:

Argentina; Bangladesh; Benin; Bolivia; Chad; People's Republic of China; Dominican Republic; Ecuador; Republic of Egypt; Gabon; Grenada; Guatemala.

Also: Guyana; Haiti; Honduras; India; Republic of Indonesia; Ivory Coast; Jamaica; Kenya; Korea; Kingdom of Lesotho; Republic of Liberia; Malaysia; Republic of Mali; Malta; Morocco; Nicaragua.

Also: Papua New Guinea; Peru; Philippines; Portugal; Saudi Arabia; Sri Lanka; Dem. Rep. of the Sudan; Swaziland; Taiwan; Tanzania; Republic of Togo; Upper Volta; Venezuela; Zaire.

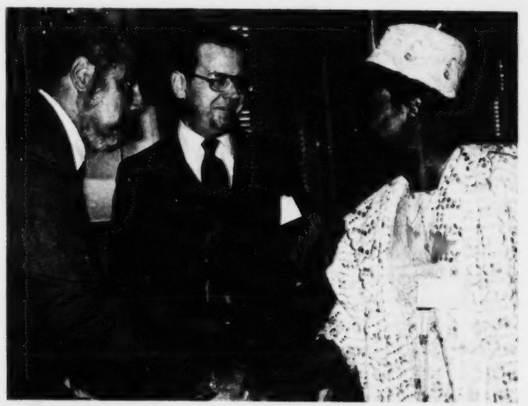


Ambassador Chai Zemin of the People's Republic of China.

Among the companies participating in the CEO meeting were: Adam Artistic Accessories; Agrico Chemical Company; American Express International; American Home Products Corporation; American Security Bank; American Standard Inc.; Arbor Acres Farm; Guy F. Atkinson Company; Ball Corporation; Black & Veatch International; Buck Engineering Company; Cabot Corporation; Castle & Cook; Chase Manhattan Overseas Banking Corporation; Chemical Bank; Chemtex Inc.; Coilcraft Inc.; Construction Aggregates Corporation; Credit Union National Association; Delmed, Inc.

Also: Dow Chemical Company; Dynalectron Corporation; Engelhard Minerals & Chemicals; Feffer and Simons; Fidelity International Bank; First Southern Federal Savings; Fischbach & Moore; Fluor Corporation; Freeport Minerals Company; General Electric Company; General Mills, Inc.; General Resistance Inc.; Gulf Oil Corporation.

Secretary of Commerce Philip M. Klutznick.



Ambassador Thomas Setondji Boya of Benin.

Abdoul Ousman of Chad

Senator David F. Durenberger of Minnesota.

O.A.S. Ambassador Williams of Grenada.

SEMINARS HELD IN THREE CITIES

"I am convinced that a better, stronger OPIC is going to help make a better, stronger world," L. H. Bonin, Jr., vice president and executive director, Gulf Oil Corporation, told a group of corporate executives at the Madison Hotel in Washington, D.C.

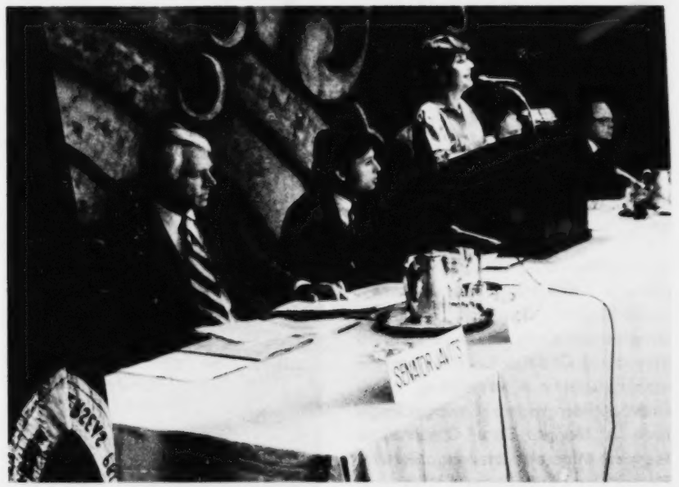
"I congratulate Bruce Llewellyn and his entire organization for accomplishing so much in so short a time—for making progress happen where it is most sorely needed. That is the kind of progress that counts most of all. That is the progress that can mean not only a prosperous world but a peaceful world."

Mr. Bonin was a featured speaker at a day-long seminar on investment in the developing world held in Washington, D.C., in June. Speaking at the luncheon was Senator Jacob K. Javits, who has co-sponsored new legislation which would extend OPIC's authority to 1985 and greatly enhance the value of its services to the U.S. business community.

The meeting was one of a series begun in 1974 to focus special attention on OPIC's finance and insurance programs, including those for energy and minerals, agribusiness and on-demand performance guaranties. The Washington conference also covered programs for financial institutions, services for smaller businesses and OPIC's claims experience.

Other investment seminars were held this spring in Chicago, May 22, and New York City, June 12. OPIC President J. Bruce Llewellyn keynoted all the meetings, and local businesses with past experience in international operations outlined their use of OPIC programs and described various aspects of investing overseas.

At the Chicago meeting, R. G. Myers, executive vice president and treasurer, Seaboard Allied Milling Corporation, summarized his company's views by saying, "OPIC has been a constant source of information and help. The insurance program encouraged us to invest the necessary funds to start our projects. We now supply millions of people overseas with wholesome food products, employ thousands of indigenous workers and have created a sizable market for U.S. exports, particularly wheat. . . .



OPIC officer Graham Williams (left) and Jon Rotenberg, Vice President for Public and Congressional Affairs, listen as Caryl S. Bernstein, Vice President for Insurance, explains program.

"You can sense that overseas investing has been successful for our company, that our learning curve has been steadily improving, that we recommend other companies take similar ventures, particularly those whose managers are willing to learn from the experiences of others. . . .

"It's our conclusion that the participation of American enterprise in foreign countries, particularly in the developing world, is as great a contribution to the progress of mankind and to the encouragement of peaceful understanding as the most intense diplomatic or economic initiative on a government-to-government basis. In other words, our efforts benefit our corporation, benefit our country and help the host country."

In New York, Peter J. Solomon, Deputy Mayor for Economic Poiicy and Development, City of New York, welcomed the participants and introduced Mr. Llewellyn. James D. Farley, executive vice president, Citibank, N.A., discussed opportunities for investment during the 1980s, and Clifford J. Johnson, treasurer, International Division, Mobil Oil Corporation, described practical examples of how to invest overseas.

Workshop on Agribusiness was chaired by OPIC officer Graham Williams. Other workshops covered minerals and energy, small business, claims and services for financial institutions.

Also held in New York in June was a minority small business interagency seminar under the joint sponsorship of the U.S. Department of Commerce, the Export-Import Bank of the U.S., the U.S. Small Business Administration and OPIC. The seminar emphasized the federal incentive programs intended to improve the U.S. balance of trade by helping small businesses and minority-owned firms take advantage of the growing opportunities in international markets.

During the fall of 1980, investment and interagency small business conferences are planned for New Orleans, Louisiana, September 18; Minneapolis, Minnesota, September 30; San Francisco, California, October 14; Los Angeles, California, October 15; Detroit, Michigan, November 13; Philadelphia, Pennsylvania, mid-November; and San Juan, Puerto Rico, November 13. OPIC will coordinate the meetings in New Orleans, Minneapolis and San Juan. For further information, call OPIC, toll-free at 1-800-424-OPIC.

More than 200 business executives attended day-long Washington seminar.

Three African Countries Visited

Guinea, Zimbabwe and Mozambique offer a varied range of opportunities for U.S. private investors, according to Joseph L. Fisher, OPIC senior development officer, who recently visited the three African countries to assess their foreign investment programs and the general economic climate. OPIC programs are not active in Zimbabwe or Mozambique but bilateral agreements are currently under negotiation.

A number of U.S. businessmen also accompanied the mission to Zimbabwe which was organized under the sponsorship of the U.S. Chamber of Commerce with the cooperation of the Zimbabwe Promotion Council.

Officials in all three countries expressed particular interest in attracting foreign investment in general and U.S. investors in particular. "The mission to Guinea was an effort by the government there to encourage more U.S. investment in the wake of new economic reforms announced by President Ahmed Sebow Toure," Mr. Fisher said. "We were asked to go there to study the investment climate and to identify specific project opportunities which might be of interest to the U.S. business community."

As a result of the visit, a number of specific investment possibilities are under study, including a natural rubber plantation, timberland development, several agribusiness projects, establishment of a fishing fleet, low-cost housing and industrial training facilities. In addition, the management consulting firm of Price Waterhouse has volunteered to assist in the encouragement of technology transfer enterprises by publishing an investors' guide entitled "Doing Business in Guinea."

Mr. Fisher said that U.S. investor interest in the potential of Zimbabwe is particularly high. "We were immediately struck with the national and human resources which abound there," he said, "but these favorable impressions must be weighed against a number of problems which must be solved if the potential is to be realized."

Among the problems are the need for the Mugabe government to reassure the white commercial farm community and entrepreneurs that they will continue to play a productive role in which black farmers are brought up to viable commercial levels. The same factors govern the country's need to reassure white entrepreneurs of a continued role while providing sufficient incentives for black people to enter the marketplace. "This might be called 'a crisis of expectation'," Mr. Fisher said, "but I think President Mugabe is well aware of the need to preserve the strong economic momentum the nation has built and will lend every effort to keep it growing."

In Mozambique, Mr. Fisher, Carol Lancaster, Deputy Assistant Secretary of State for African Affairs and Frederick W. Stoheld, Director of International Economic Planning of the U.S. Chamber, met with government officials, representatives of the central bank and private sector businessmen. Among other things the visitors found that the Mozambique government plans to survey the country's development needs and to publish information of use to prospective foreign investors. In addition, President Sandora Machel has issued a declaration in the form of attracting more private foreign investment as a means for meeting these needs.

"All three of these countries look to foreign investment as an important factor in their development planning," Mr. Fisher said, "and each has a great deal to offer by way of opportunity. We believe that they are on the 'up-beat' and will excite interest rapidly during the next few years."

INVESTMENT CONFERENCE

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